

REFERENCE TITLE: tax collections; automated data match

State of Arizona  
Senate  
Forty-eighth Legislature  
First Regular Session  
2007

# **SB 1030**

Introduced by  
Senator Waring

AN ACT

AMENDING TITLE 42, CHAPTER 1, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 42-1207 AND 42-1208; RELATING TO SEIZURE OF PROPERTY FOR COLLECTION OF TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 42, chapter 1, article 5, Arizona Revised Statutes,  
3 is amended by adding sections 42-1207 and 42-1208, to read:

4 42-1207. Financial institutions data match: nonliability;  
prohibited disclosure: civil liability; definition

5 A. THE DEPARTMENT MAY ENTER INTO AGREEMENTS WITH FINANCIAL  
6 INSTITUTIONS THAT CONDUCT BUSINESS IN THIS STATE TO DEVELOP AND OPERATE A  
7 DATA MATCH SYSTEM TO ASSIST THE DEPARTMENT IN THE COLLECTION OF DELINQUENT  
8 TAXES. THE DATA MATCH SYSTEM SHALL USE AUTOMATED DATA EXCHANGE PROCEDURES TO  
9 THE MAXIMUM EXTENT POSSIBLE.

10 B. ANY DATA EXCHANGES BETWEEN FINANCIAL INSTITUTIONS AND THE  
11 DEPARTMENT UNDER AN AGREEMENT PURSUANT TO SUBSECTION A SHALL OCCUR QUARTERLY.  
12 THE DATA EXCHANGES SHALL INCLUDE THE NAME, ADDRESS OF RECORD, SOCIAL SECURITY  
13 NUMBER OR OTHER TAXPAYER IDENTIFICATION NUMBER AND ANY OTHER IDENTIFYING  
14 INFORMATION FOR EACH DELINQUENT TAXPAYER WHO MAINTAINS AN ACCOUNT AT THE  
15 INSTITUTION AND WHO OWES DELINQUENT TAXES AS IDENTIFIED BY THE DEPARTMENT BY  
16 NAME AND SOCIAL SECURITY NUMBER OR OTHER TAXPAYER IDENTIFICATION NUMBER.

17 C. NOTWITHSTANDING ANY LAW TO THE CONTRARY, A FINANCIAL INSTITUTION IS  
18 NOT SUBJECT TO CIVIL LIABILITY FOR DISCLOSING TO THE DEPARTMENT OR THE  
19 DEPARTMENT'S AGENT A PERSON'S FINANCIAL RECORD PURSUANT TO THIS SECTION OR  
20 ANY ACT OF OMISSION THAT IS INADVERTENT AND THAT IS MADE IN GOOD FAITH.

21 D. THE DEPARTMENT OR THE DEPARTMENT'S AGENT MAY ONLY DISCLOSE  
22 INFORMATION UNDER THIS SECTION IN ORDER TO ENFORCE THE COLLECTION OF A  
23 PERSON'S DELINQUENT TAX OBLIGATION.

24 E. A DEPARTMENT EMPLOYEE WHO KNOWINGLY OR NEGLIGENTLY DISCLOSES A  
25 PERSON'S FINANCIAL RECORDS IN VIOLATION OF SUBSECTION D IS SUBJECT TO CIVIL  
26 LIABILITY IN AN AMOUNT EQUAL TO THE GREATER OF EITHER:

27 1. ONE THOUSAND DOLLARS FOR EACH ACT OF UNAUTHORIZED DISCLOSURE OF A  
28 FINANCIAL RECORD WITH RESPECT TO WHICH THE DEPARTMENT EMPLOYEE IS FOUND  
29 LIABLE.

30 2. THE SUM OF THE ACTUAL DAMAGES SUSTAINED BY THE PLAINTIFF AS A  
31 RESULT OF THE UNAUTHORIZED DISCLOSURE AND, IN THE CASE OF A WILFUL DISCLOSURE  
32 OR A DISCLOSURE THAT IS THE RESULT OF GROSS NEGLIGENCE, PUNITIVE DAMAGES,  
33 INCLUDING COSTS AND ATTORNEY FEES.

34 F. THE DEPARTMENT MAY PAY A REASONABLE FEE TO A FINANCIAL INSTITUTION  
35 FOR CONDUCTING A DATA MATCH. THE FEE SHALL NOT EXCEED THE ACTUAL COSTS  
36 INCURRED BY THE FINANCIAL INSTITUTION.

37 G. FOR THE PURPOSES OF THIS SECTION, "FINANCIAL INSTITUTION" MEANS  
38 STATE AND FEDERALLY CHARTERED BANKS, TRUST COMPANIES, FEDERAL AND STATE  
39 SAVINGS AND LOAN ASSOCIATIONS, FEDERAL AND STATE CREDIT UNIONS, CONSUMER  
40 LENDERS, INTERNATIONAL BANKING FACILITIES AND FINANCIAL INSTITUTION HOLDING  
41 COMPANIES, INSURANCE COMPANIES, BENEFIT ASSOCIATIONS, SAFE DEPOSIT COMPANIES,  
42 MONEY MARKET MUTUAL FUNDS AND SIMILAR INSTITUTIONS AUTHORIZED TO DO BUSINESS  
43 IN THIS STATE AND ANY PARTY AFFILIATED WITH THESE FINANCIAL INSTITUTIONS.

1       42-1208. Financial institutions: surrender of assets of  
2       delinquent taxpayers: nonliability: definition

3       A. ON RECEIPT OF A NOTICE OF LEVY, A FINANCIAL INSTITUTION SHALL  
4       ENCUMBER OR SURRENDER, AS APPROPRIATE, ASSETS HELD BY THE INSTITUTION ON  
5       BEHALF OF A DELINQUENT TAXPAYER.

6       B. NOTWITHSTANDING ANY LAW TO THE CONTRARY, A FINANCIAL INSTITUTION IS  
7       NOT SUBJECT TO CIVIL LIABILITY FOR ENCUMBERING OR SURRENDERING ANY ASSETS  
8       HELD BY THE FINANCIAL INSTITUTION IN RESPONSE TO A NOTICE OF LEVY THAT IS  
9       ISSUED BY THE DEPARTMENT OR FOR ANY ACTION TAKEN IN GOOD FAITH TO COMPLY WITH  
10      THIS SECTION.

11      C. THE REMEDY UNDER THIS SECTION IS LIMITED TO COLLECTION OF  
12      DELINQUENT TAX, PENALTIES AND INTEREST.

13      D. FOR THE PURPOSES OF THIS SECTION, "FINANCIAL INSTITUTION" HAS THE  
14      SAME MEANING PRESCRIBED IN SECTION 42-1207.